



Fact Sheet

PUBLIC PARTICIPATION HEARING

San Jose Water Company General Rate Case (A.18-01-004)

May 2018

Requested Utility Revenue Increases:

- 2019: \$34.3 million (or 9.8%) increase
- 2020: \$14.2 million (or 3.7%) increase
- 2021: \$20.6 million (or 5.2%) increase

A typical residential customer with a $\frac{3}{4}$ " meter using 11 ccf (one ccf = 748 gallons) per month would see a monthly bill increase from \$84.94 at present rates to \$90.35 (6.36%) in 2019; to \$94.34 (4.42%) in 2020; and to \$98.76 (4.69%) in 2021.

The bill impact does not include temporary existing or proposed credits and surcharges but does include CPUC Reimbursement Fee (1.4%) to pay for the CPUC's costs of water utility regulation.

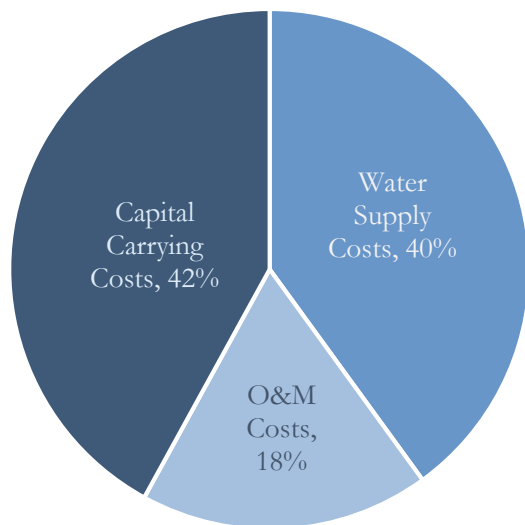
Factors Increasing Rates:

- There has been a 12 percent decrease in water sales compared to the previous General Rate Case (GRC).
- San Jose Water Company is requesting an increase in funding to cover capital costs (depreciation, income taxes, property taxes, return on capital investment) for 2019:
 - San Jose Water Company is requesting a \$403.2 million three-year capital expenditure budget, which is a \$88.2 million increase compared to the authorized budget in the company's previous GRC.
 - San Jose Water Company is requesting \$136.9 million over three-years for a water main replacement project, which accounts for 1/3 of the requested capital expenditure budget.
- San Jose Water Company is requesting \$6.6 million increase in operation and maintenance expenses (payroll, pension, benefit costs, materials, and services) for 2019.

Additional Bill Impact of Surcharge Increases:

- \$13.6 million in collection of various balancing accounts balances – 12-month \$0.2973/ccf surcharge. A Balancing Account tracks the incremental over and under collection of rates, surcharges, and certain expenses (such as purchased water and groundwater extraction charges) for future recovery or refund by the utility.
- \$7.1 million in collection of various memorandum accounts balances – 12-month \$0.1553/ccf surcharge. A Memorandum Account tracks specific expenses assigned for possible future recovery, such as conservation expenses.

Cost Components of Utility Requested Revenue \$385.9 Million



- **Water Supply Costs** include: Purchased Water, Pump Taxes, Purchased Power, Chemicals, Other.
- **Capital Carrying Costs** include: Depreciation, Income Taxes, Property Taxes, Return on Rate Base.
- **Operation & Maintenance Costs** include: Payroll, Pension and Benefits, Materials, Services.

Rate Design Changes:

- Percentage of utility revenue to be recovered through the monthly service charge would increase from the current 30 percent to the proposed 40 percent. Percentage of utility revenue to be recovered through usage rate charges would decrease from current 70 percent to proposed 60 percent.

Residential Bill Impacts Based on Requested Revenue Increases:

Customer Charge by Meter Size	Rates as of Dec. 31, 2017	2019 Rates \$ (% increase)	2020 Rates \$ (% increase)	2021 Rates \$ (% increase)
¾-inch	\$25.45	\$39.00 (53%)	\$42.40 (9%)	\$44.34 (5%)
¾-inch	\$25.45	\$39.00 (53%)	\$42.40 (9%)	\$44.34 (5%)
1-inch	\$42.37	\$67.80 (60%)	\$70.66 (4%)	\$73.90 (5%)
1 ½ inch	\$84.78	\$135.60 (60%)	\$141.33 (4%)	\$147.80 (5%)
2-inch	\$135.68	\$217.10 (60%)	\$226.12 (4%)	\$236.47 (5%)

Water Usage Rate	Rates as of Dec. 31, 2017	2019 Rates \$ (% change)	2020 Rates \$ (% increase)	2021 Rates \$ (% increase)
0 to 3 Ccf	\$4.96	\$3.34 (-33.1%)	\$3.38 (1.1%)	\$3.54 (4.8%)
3+ to 18 Ccf	\$5.43	\$5.01 (-7.7%)	\$5.06 (1.1%)	\$5.31 (4.8%)
Over 18 Ccf	\$5.91	\$6.68 (13.0%)	\$6.75 (1.1%)	\$7.07 (4.8%)

Further Information on Proceeding:

- To review the application and request a copy of Applicant's testimony and exhibits, visit www.sjwater.com/sites/default/files/2018-05/A1801004.PDF
- To review Office of Ratepayer Advocates' testimony, visit www.ora.ca.gov/water.aspx